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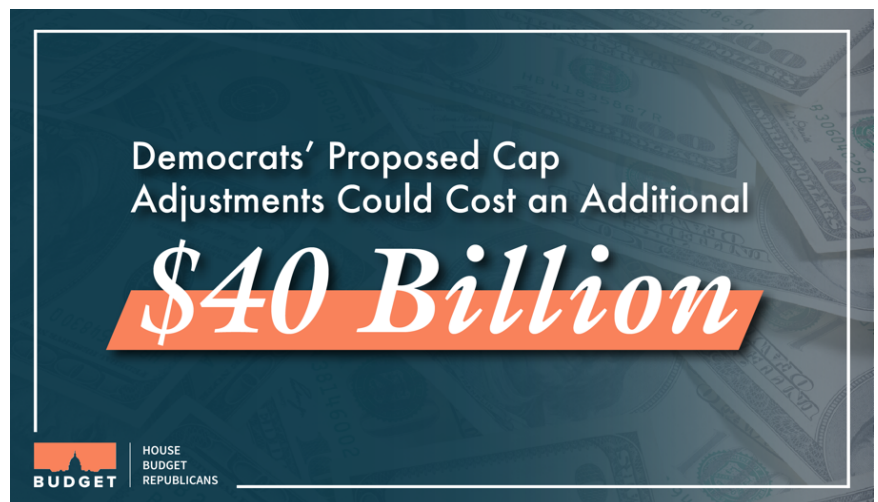
Budget Digest: Budget Control Act Cap Adjustments

With the end of the fiscal year (FY) approaching, Congress is facing several funding deadlines, including enacting appropriations bills for FY 2020. As part of the process to determine appropriations spending levels, negotiations are currently taking place between the White House, Senate, and House to amend the discretionary spending caps for FY 2020 and FY 2021. Included in these deliberations are proposals for new cap adjustments, which could **cost an additional \$40 billion** over two years.

What Are Cap Adjustments? The Budget Control Act of 2011 (BCA), which was enacted to curb the growth of discretionary spending, established caps on base discretionary spending for defense and non-defense from FY 2012 through FY 2021. The BCA also included a mechanism to fund specific programs above the spending caps called cap adjustments. The current cap adjustments in law include the following: Overseas Contingency Operations (OCO), emergency funding, program integrity efforts, disaster relief, and wildfire suppression efforts.

Proposed New Cap Adjustments. In current caps deal negotiations, Democrat lawmakers have proposed several new cap adjustments that would allow for additional funding outside of the caps. Cap adjustments proposed to date include the following:

- IRS – a cap adjustment for enforcement and operations support; \$400 million for FY 2020; \$750 million for FY 2021. This cap adjustment was included in the House Democrats' spending caps proposal, H.R. 2021 *Investing for the People Act of 2019*.
- 2020 Census – a cap adjustment for the Periodic Censuses and Programs account; \$7.5 billion for FY 2020. This cap adjustment was included in H.R. 2021.
- VA MISSION Act—a cap adjustment for the VA MISSION Act; \$22 billion from FY 2020 through FY 2021. This cap adjustment was proposed as an amendment to H.R. 2021.
- Harbor Maintenance Trust Fund— a cap adjustment for Harbor Maintenance Trust Fund spending; \$9.3 billion from FY 2020 through FY 2021. This cap adjustment was proposed in H.R. 2440 *Full Utilization of the Harbor Maintenance Trust Fund Act*.



All told, these cap adjustments could **cost an additional \$40 billion** that would not be subject to the BCA spending caps. **This would be in addition to the House Democrats' proposal in H.R. 2021 to increase the BCA discretionary spending caps by \$356 billion over two years.** New cap adjustments reduce the effectiveness of spending caps to control discretionary spending by allowing funding to be spent outside of caps rather than in the base budget.